

1 would be Medicare money utilized to pay their salaries.

2 Q. Is it not true, Agent Klotz, that, in fact, the  
3 government, through Medicare, has denied reimbursing QualiCare  
4 for the money QualiCare paid to Monarch in '95 and '96 and, in  
5 fact, that issue is now being litigated in the bankruptcy court  
6 of the Western District of Oklahoma?

7 MS. RYAN: Objection, Your Honor. That's a compound  
8 question, a convoluted question, and really calls for  
9 speculation.

10 THE COURT: Well, do you understand what the question  
11 was, Ms. Ryan?

12 MS. RYAN: I didn't.

13 MR. LANKFORD: Okay, I'll try to rephrase it, Your  
14 Honor.

15 THE COURT: Break it down into two or three different  
16 segments, I think, would be helpful.

17 MR. LANKFORD: Yes, sir.

18 Q. (BY MR. LANKFORD) Agent Klotz, are you aware of the fact  
19 that Medicare has denied reimbursing QualiCare for the money  
20 that QualiCare paid to Monarch in '95 and '96?

21 A. I'm aware that what was -- The 1995 cost report, the  
22 money that was paid for 1995 was paid, and that's what -- the  
23 funding that was received by Mr. Kluding and Mr. Gilbert.  
24 That's what I'm familiar of.

25 Q. Are you familiar with the bankruptcy proceedings in the

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United States Court Reporter  
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1 Western District of Oklahoma bankruptcy court involving

2 QualiCare and its Trustee in Bankruptcy?

3 A. I -- I do know that that is going on, but I know nothing  
4 about that.

5 Q. Are you aware that there is litigation in that bankruptcy  
6 proceeding between the Trustee in Bankruptcy and Medicare  
7 concerning payments that Medicare -- that the QualiCare trustee  
8 says Medicare owes to QualiCare and it's creditors?

9 A. All I can tell you is, I know that there was an  
10 overpayment identified by the fiscal intermediary. I don't  
11 know anything about what's going on with that litigation.

12 Q. You don't know whether Medicare has withheld funds from  
13 QualiCare more than in excess of the amount that was paid to  
14 Monarch in '95 and '96?

15 A. I don't know what those funds are.

16 Q. Do you have evidence that the government actually lost  
17 money as a result of the funds paid from QualiCare to Monarch?

18 A. Yes.

19 Q. And what evidence is that?

20 A. That would be the evidence of the 1995 cost report plus  
21 any attachments that were utilized to determine the salary  
22 received by Mr. Kluding and Mr. Gilbert.

23 Q. And you know for a fact that that happened?

24 A. Yes.

25 Q. Okay. And what money does Medicare owe QualiCare at this

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